

Message Text

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PAGE 01 BUDAPE 03429 241515Z
ACTION TRSE-00

INFO OCT-01 EUR-12 ISO-00 EB-08 AGRE-00 CEA-01 CIAE-00
COME-00 DODE-00 FRB-03 H-01 INR-10 INT-05 L-03
LAB-04 NSAE-00 PA-01 CTME-00 AID-05 SS-15 STR-07
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O 241440Z AUG 78
FM AMEMBASSY BUDAPEST
TO SECSTATE WASHDC IMMEDIATE 2298

LIMITED OFFICIAL USE BUDAPEST 3429

E.O.11652: NA
TAGS: ETRD HU
SUBJECT: UNITED STATES INTERNATIONAL TRADE COMMISSION ANTIDUMPING
INQUIRY ON INCANDESCENT LAMPS FROM HUNGARY

REF: STATE 212735

1. DCM DELIVERED AUG 24 REPLY TRANSMITTED REFTEL TO ANTALPETER
OF MINISTRY OF FOREIGN TRADE. ANTALPETER APPRECIATED INFORMA-
TION AND SAID THAT IT FULLY MET GOH NEEDS. AFTER CAREFULLY
STUDY, ANTALPETER SAID HE WAS "QUITE SURE" THAT THE
GOH WILL NOT SUBMIT A LETTER TO THE USITC SINCE IT IS DIFFICULT
TO JUDGE WHAT THE IMPACT OF THE LETTER WILL BE.

2. ANTALPETER SAID THAT IF THE GOH HAD DECIDED TO SEND A
LETTER, IT COULD NOT GIVE THE USG ANY ASSURANCES ON EITHER
PRICES OR VOLUME BEYOND THOSE ASSURANCES ALREADY PROVIDED BY
TUNGSRAM, GIVEN THE MIXED NATURE OF THE HUNGARIAN ECONOMY
AND THE INABILITY OF THE GOVERNMENT TO SET PRICES FOR TUNGSRAM.
HOWEVER, THE GOH COULD HAVE TRANSMITTED ASSURANCES IN THE
LETTER THAT, IF TUNGSRAM DID NOT COMPLY WITH THE ASSURANCES
IT HAD GIVEN, THE GOH WOULD INVESTIGATE THE REASONS WHY. THE
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PAGE 02 BUDAPE 03429 241515Z

BASIS OF THE INVESTIGATION WOULD BE THAT NON-
COMPLIANCE WITH ITS OWN ASSURANCES BY TUNGSRAM
WOULD HAVE FURTHER CONSEQUENCES IN THAT THE REPUTA-
TION OF HUNGARIAN COMPANIES IN GENERAL WOULD HAVE
BEEN BROUGHT INTO QUESTION. ANTALPETER REQUESTED
THAT THIS STATEMENT BE REPORTED TO WASHINGTON.

3. ANTALPETER CLAIMED THAT THE GOH IS CONVINCED THAT WESTINGHOUSE CANNOT SHOW THAT THE U.S. LIGHT BULB INDUSTRY HAS BEEN HARMED BY IMPORTS. TO SUPPORT THIS BELIEF HE CITED STATISTICS THAT SHOWED THAT THE IMPORT SHARE OF THE U.S. MARKET (TEN PER CENT) HAS NOT INCREASED. WHAT HAS INCREASED IS TUNGSRAM'S SHARE OF THE IMPORT MARKET. IN THE MEANTIME, WESTINGHOUSE'S MARKET AND PROFITS HAVE INCREASED. A DETAILED ARGUMENT SUPPORTING THIS LINE OF REASONING WAS CONTAINED IN PAPERS SUBMITTED BY THE TUNGSRAM ATTORNEY, ART DOWNEY, TO THE USITC.

4. ANTALPETER ALSO DISCUSSED WHAT METHOD WOULD BE USED BY TREASURY TO DETERMINE FAIR MARKET VALUE IF THE USITC PRELIMINARY INQUIRY INDICATES THAT THERE HAS BEEN SUBSTANTIAL DAMAGE. ANTALPETER EMPHASIZED THAT THE GOH DOES NOT WISH TO INFLUENCE TREASURY'S CHOICE OF ITS VARIOUS OPTIONS, BUT, IN THIS CONNECTION, BELIEVES THAT THE MOST APPROPRIATE METHOD WOULD BE COMPARISON WITH HOME MARKET PRICES. HE POINTED OUT THAT THE PRICE OF HOUSEHOLD LIGHT BULBS IS NOT REGULATED IN HUNGARY AND IS DETERMINED BY TUNGSRAM.

5. ANTALPETER CLAIMED THAT, UNLIKE THE GOH, WESTINGHOUSE HAS ATTEMPTED TO INFLUENCE TREASURY IN CHOOSING ITS METHOD OF DETERMINING FAIR MARKET VALUE IF THE LIMITED OFFICIAL USE

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PAGE 03 BUDAPE 03429 241515Z

CASE PROCEEDS TO THIS POINT. THE GOH HAS NO OBJECTION TO WESTINGHOUSE'S ATTEMPT, AND DOES NOT INTEND TO COUNTER ITS ARGUMENTS. HOWEVER, IF WESTINGHOUSE'S ARGUMENTS ARE ACCEPTED THE GOH WOULD INQUIRE WHAT THE ARGUMENTS WERE AND WHY THEY WERE ACCEPTED. FOR EXAMPLE, A CLAIM THAT HUNGARIAN SALES TO THE U.S. WILL INCREASE WITH THE EXTENSION OF MFN IS NOT A VALID ARGUMENT FROM THE HUNGARIAN POINT OF VIEW BECAUSE AN INCREASE IN TRADE WAS THE SPECIFIC AIM OF THE TWO GOVERNMENTS IN NEGOTIATING MFN.

6. COMMENT: ANTALPETER APPEARS TO HAVE THE AUTHORITY TO DECIDE IF THE GOH IS TO SUBMIT A LETTER TO THE USITC. FROM HIS REMARKS IT APPEARS AS IF WE CAN EXPECT A LETTER WILL NOT BE FORTHCOMING. IT ALSO APPEARS AS IF THE GOH BELIEVES THAT TUNGSRAM HAS PRESENTED A GOOD CASE TO THE USITC.

KAISER

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Message Attributes

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